GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:176
ANSWERED ON:16.11.2007
WPI AND INFLATION
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Will the Minister of FINANCE be pleased to state:

(a) whether the Wholesale Price Index (WPI) has constantly increasing during each of the last three financial years;

(b) if so, the break up of average annual rise in the rate of WPI during the above period;

(c) whether the rate of said rise has been more than three per cent against norm of R.B.I.;

(d) if so, the reasons therefor;

(e) whether the rate of inflation based on WPI has declined to five year low in September, 2007;

(f) if so, the details and reasons therefor; and

(g) the steps taken by the Government to check the rising rate of WPI and inflation?

Answer

TO BE ANSWERED BY MINISTER OF STATE FOR FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) Sir, the details of average annual rise in WPI and monthly break up during the last five financial years is indicated in the Table 1.

Table. 1

Month	2003-04	2004-05	2005-06	2006-07	2007-08
Apr	6.59	4.51	5.91	3.86	6.28
May	6.51	5.02	5.55	4.73	5.46
Jun	5.40	6.68	4.32	5.12	4.53
Jul	4.65	7.61	4.29	4.83	4.71
Aug	3.95	8.46	3.66	5.12	4.14
Sep	4.90	7.92	4.06	5.38	3.32
Oct	5.13	7.27	4.71	5.51	3.02
Nov	5.42	7.52	4.21	5.50	
Dec	5.80	6.73	4.45	5.68	
Jan	6.50	5.54	4.08	6.37	
Feb	6.14	5.01	4.03	6.36	
Mar	4.78	5.39	3.85	6.61	
Average	5.48	6.47	4.42	5.43	

(c) RBI has not fixed such a norm.

(d) Does not arise.

(e) Yes, Sir.

(f) & (g) The inflation is decelerated due to supply side improvements in some essential items like wheat and sugar; strengthening of the rupee leading to a decline in rupee prices of imported goods; monetary and fiscal measures initiated by RBI and Government; and administrative measures including import of commodities like wheat and pulses through the public sector agencies. Stability in petroleum prices at the February 2007 level also contributed to the lower head line inflation.